



Research Analysts' Data Usage:

*Trends and Influences on Spending on Data
since 2008*

September 2023

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Executive Summary

- Research Analysts spend the 5th most on market data of any user role, steadily increasing their spending in the past several years, growing at a CAGR that's in line with the overall growth of market data spending.
 - YoY growth rates ranged from a low of 3.4% in 2013 to a high of 9.2% in 2021, with a CAGR Of 5.8% since 2015
- Research Analysts spending on market data grew more than all other user segments in 2022 and have experienced the second-highest 15-year CAGR (to Risk Management).
- Research Analyst market data spending has accelerated since 2018 to keep pace with the inflow into mutual funds.
 - Since 2018, mutual fund net assets have grown 15% while spending by research analysts has grown 10%, from just 4.1% over the previous 10 years.
- Moody's, S&P, Morningstar and Factset have all experienced double-digit 15-year CAGRs.
- S&P collects more data revenue from Research Analysts than any other provider, while Factset, Bloomberg and LSEG all earned more than ½ billion dollars from that segment in 2022.
- S&P, Factset, Bloomberg and LSEG are the leading four providers in each of the three major geographies.
- The top six providers (adding Moody's and Morningstar to the four above), account for 95% of the market for research analysts

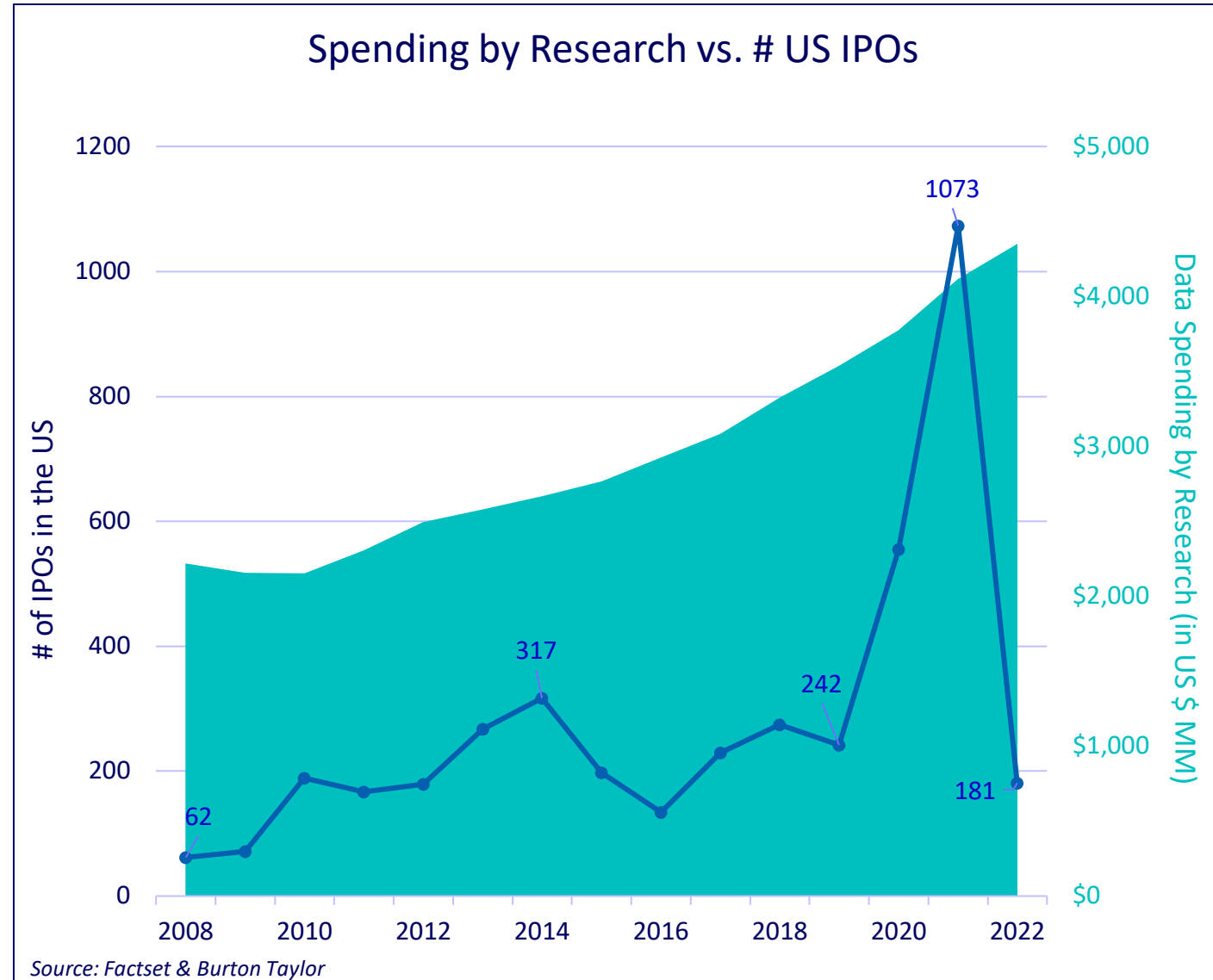


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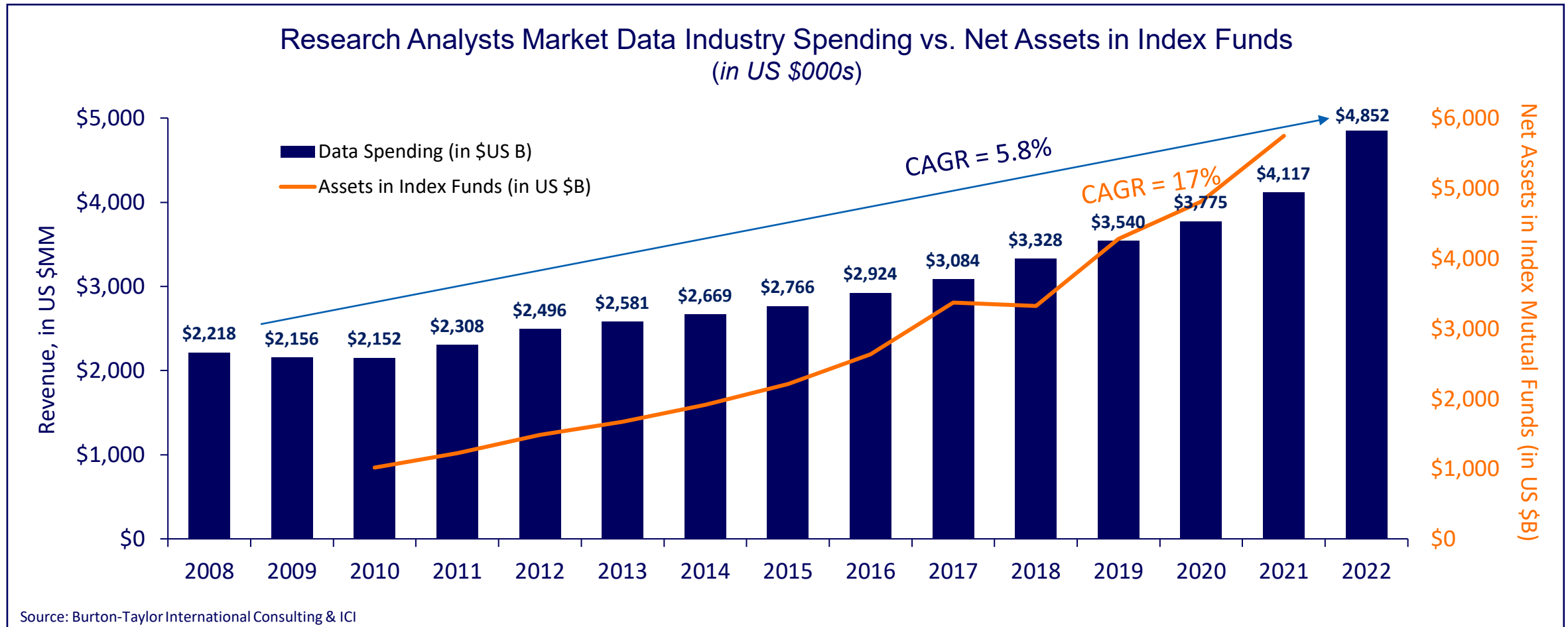
Research spending consistently grows, to inform investments and IPOs

- 2022 saw a historic drop-off in initial public offerings in the US, but research analysts continued to invest in data
 - The US market saw *82% fewer* IPOs than in 2021
 - Unfavorable economic conditions stifled growth
- Research analysts who create detailed reports to inform the market on specific investments need market data as input to their models projecting future performance.
 - Some argue that an increase in IPO or similar activity should align with greater demand for market data to inform potential investors
- While there's no mathematical correlation between spending by research and IPOs, spending growth accelerated in recent years (2019 – 2021) where IPOs spiked.



Research Analyst Data Spending: 15-Year Trend

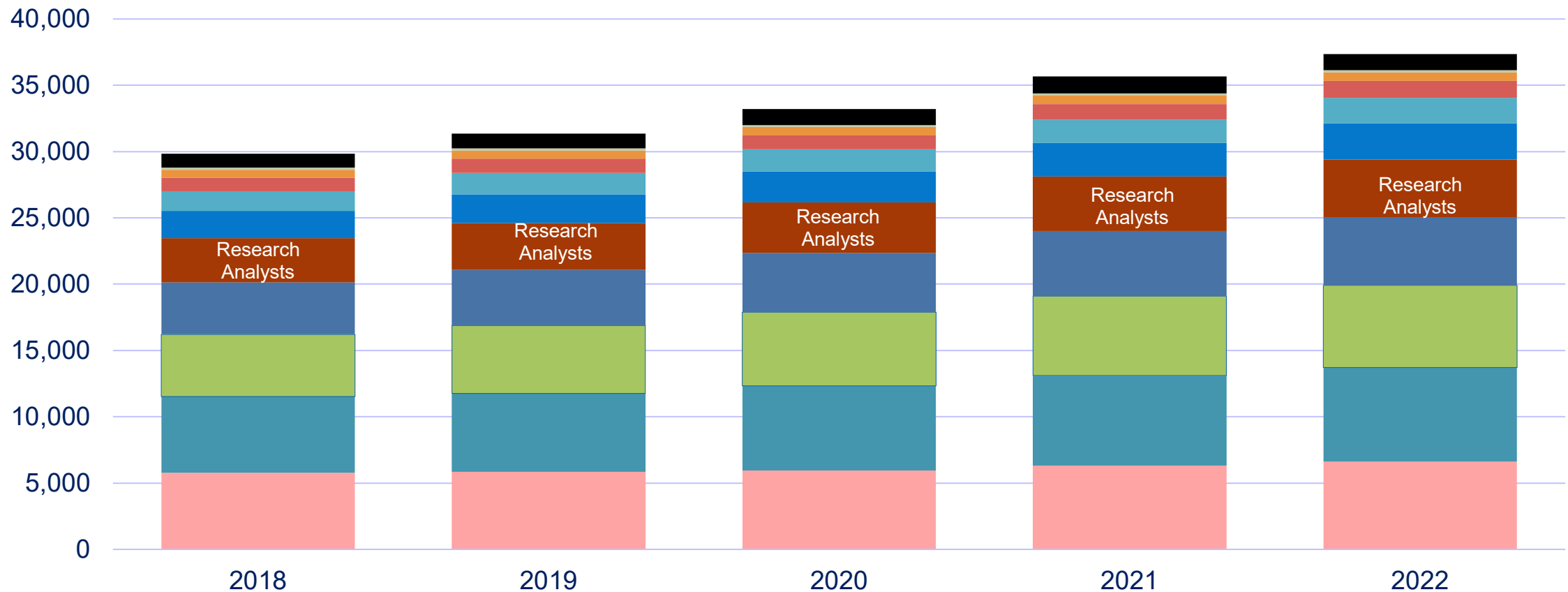
- Popularity of passive investing (illustrated by the growth of Index funds) has had little spending on data by research analysts
 - While index funds' assets have grown by 17% annually since 2010, spending on data has risen at a more typical (and steady) 5.8% over a similar time.



Spending by Research Analysts has comprised a larger portion of the total spending pie in recent years.

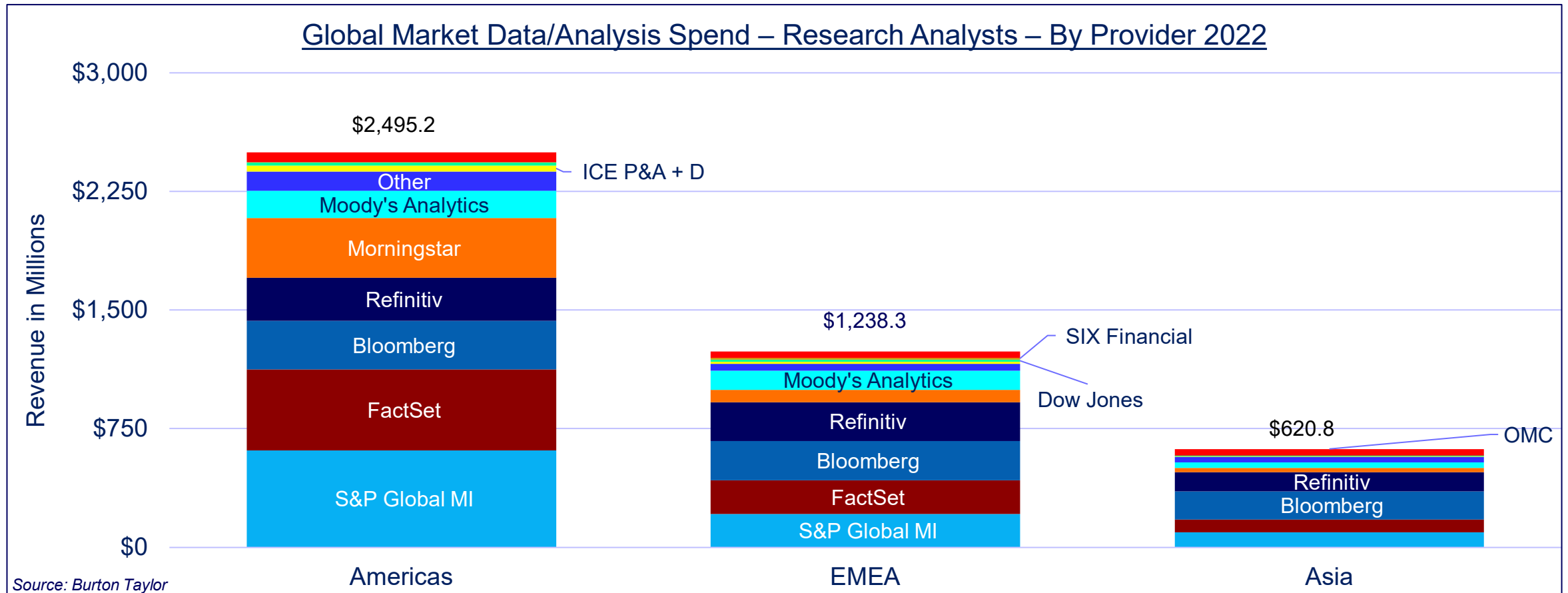
- Research analysts' spending on market data in 2022 was 12.6%, up 1.5% from 2018 spending (11.1%).
- This reflects the increased reliance on Ai / ML in our investment modeling

Global Market Data/Analysis Spend – By User – 2018-22 Trending



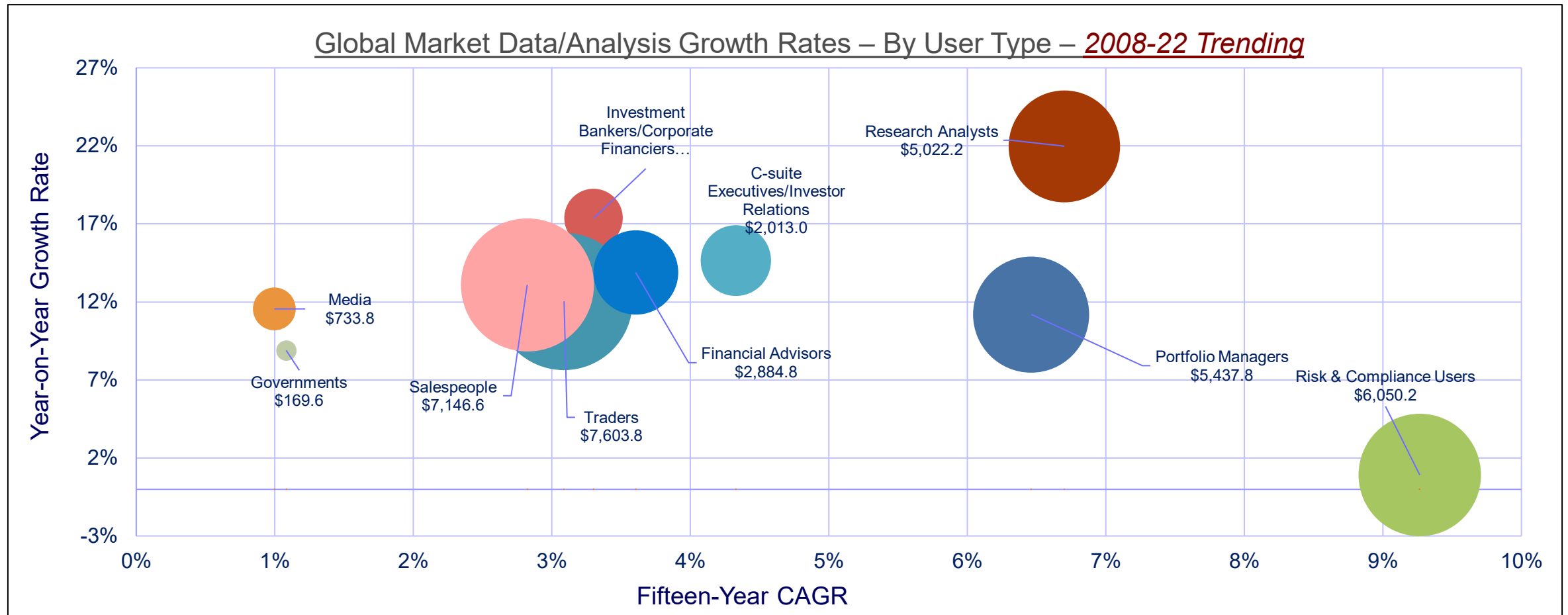
Market Data/Analysis – Research Analysts Share 2022

- 2022 global spending by Research Analysts grew 5.8% to \$4.4 billion.
- Geographic split is 57.3% in Americas, 28.4% in EMEA, and 14.3% in Asia.
- S&P Global MI, FactSet, Bloomberg, and Refinitiv are the leading providers serving Research Analysts.



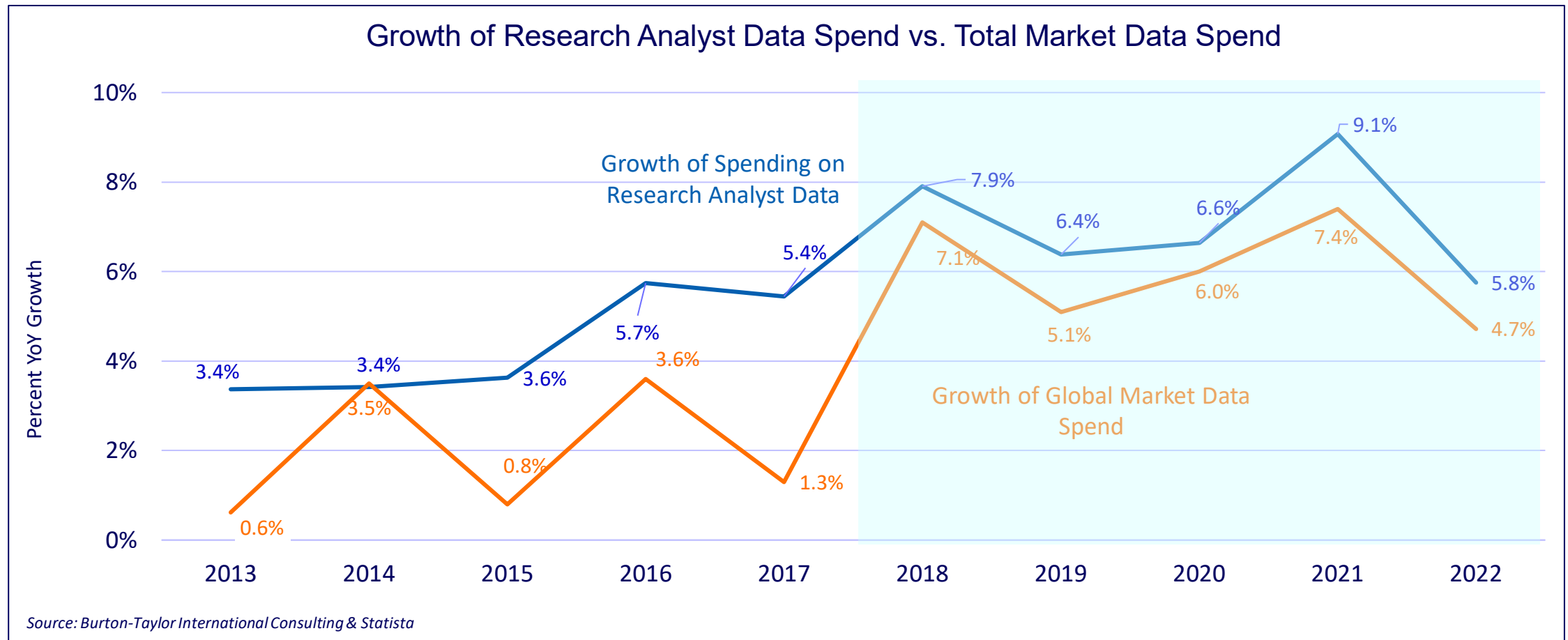
Market Data/Analysis – User Growth

- Data for investment Research has grown the most YoY and 2nd most (to Risk & Compliance) over the past 15 years
 - This illustrates the growing importance of data for research, as that function has evolved into one that's heavily reliant on quantitative analysis, using Ai / ML as primary tools.



Historical Growth: Research Analysts vs. Total Market Data

- Research Analysts spend consistently to acquire market data, growing slightly faster than the total data market
 - Research, largely using technical tools, continues to take a larger role in their operations, investing more in market data to support their research and investing businesses.
- Correlation between spending growth by Research Analysts and Overall market became clearer in the last five years



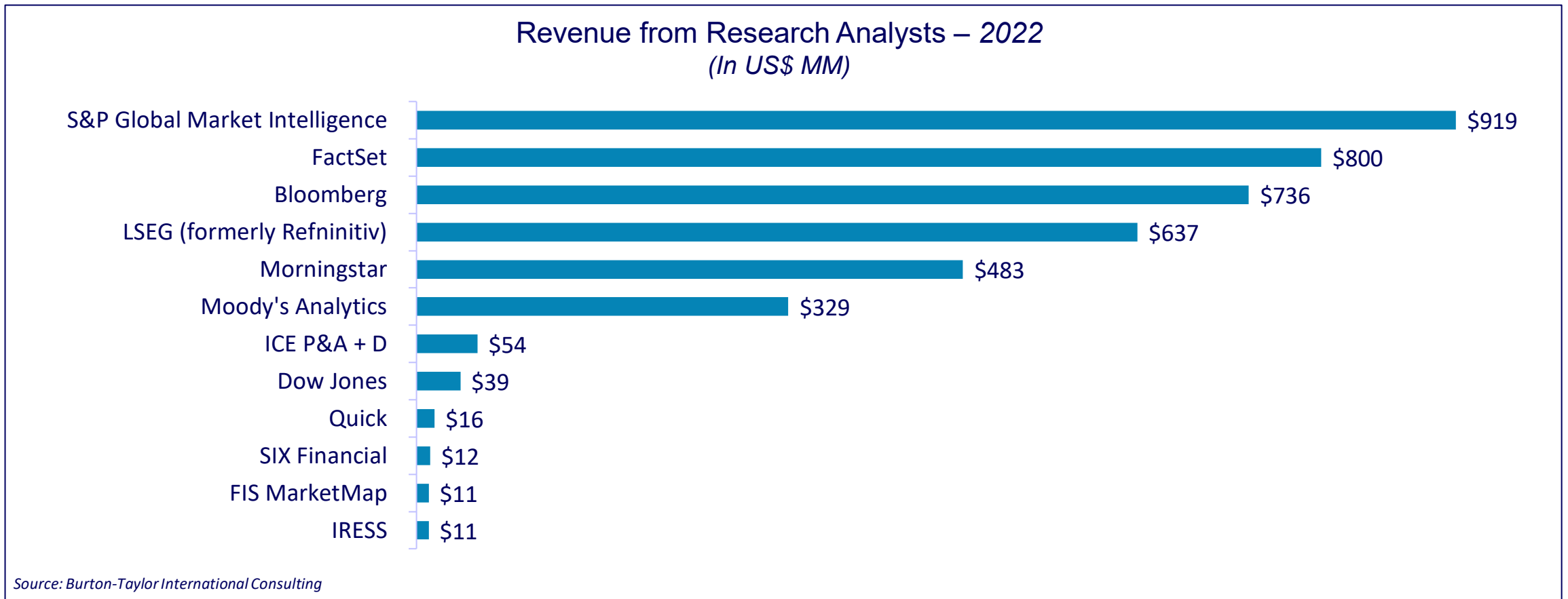


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Data Providers' Revenue from Research Analysts

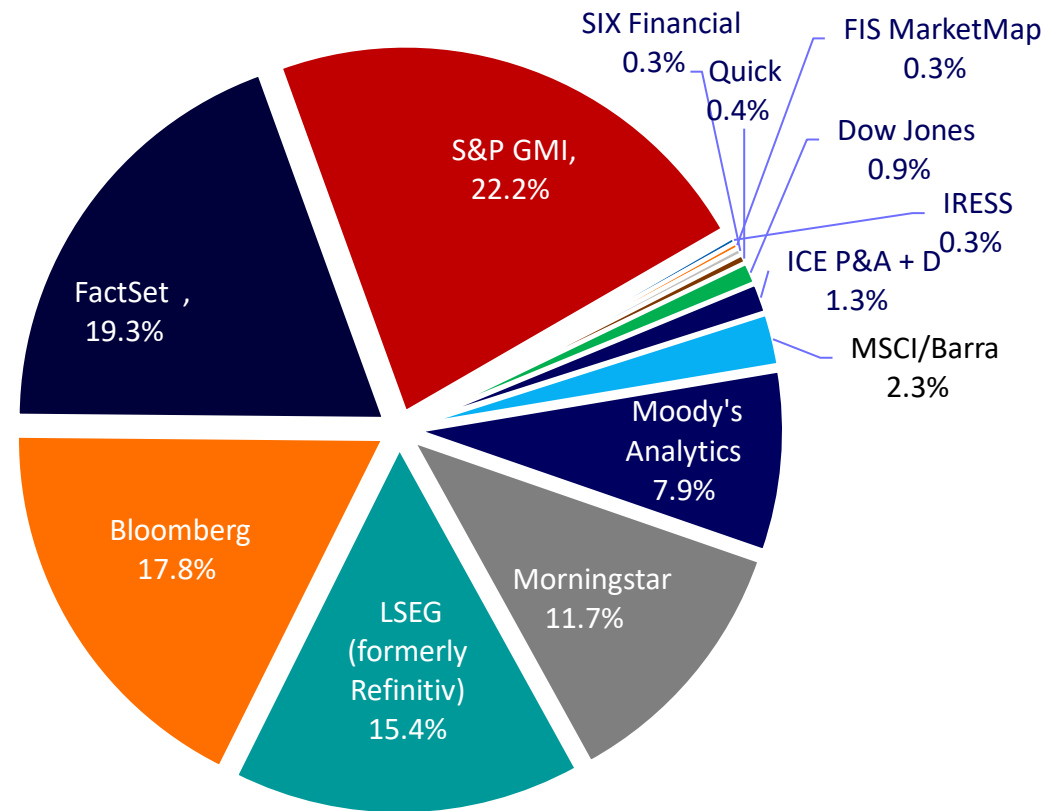
- S&P GMI earns more data revenue from Research Analysts than any other provider—earning nearly \$1B in revenue from this segment.
 - Has made considerable enhancements to CapIQ Pro, and maintained focus on sustainability and energy data products
- The top four providers here, S&P, Factset, Bloomberg and Refinitiv, target research analysts more specifically, using their desktop products to support the research analysis



Data Providers' Market Share of Data for Asset Management

- The four leading providers S&P, Factset, Refinitiv & Bloomberg hold approximately 75% of the data market for Research Analysts

Providers' Market Share of Data for Research Analysts— 2022

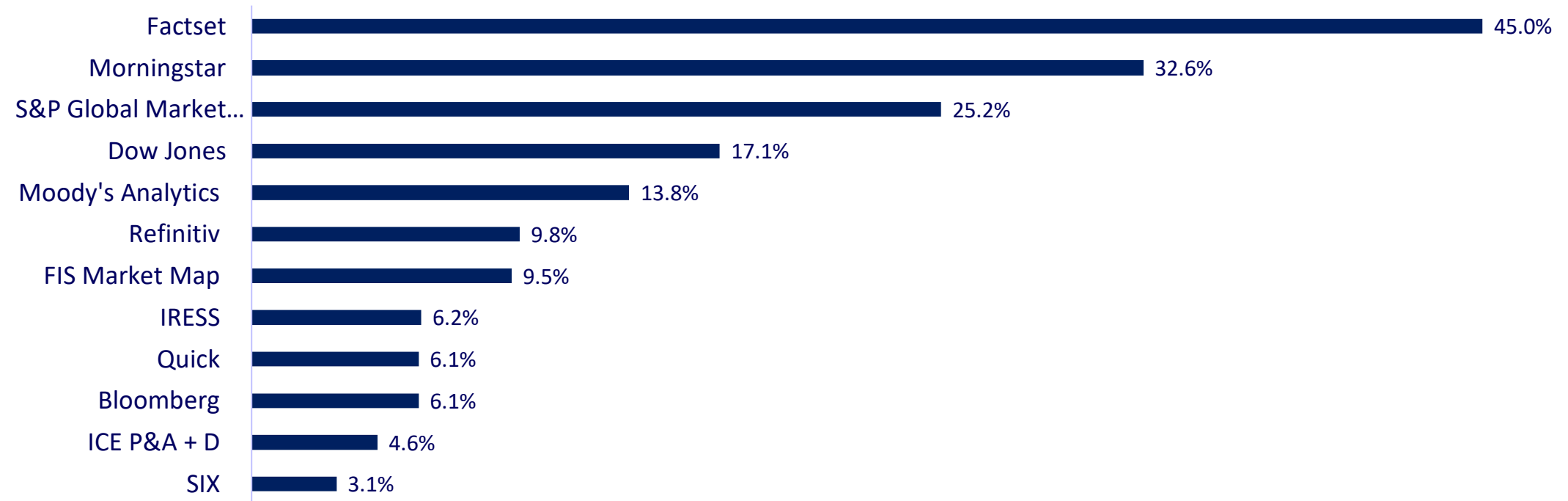


Source: Burton-Taylor International Consulting

Research Analysts as a Portion of Providers' Revenue

- Among data providers, Factset places the greatest focus on research analysts, which accounts for 45% of its revenue
 - Its desktop product forms the foundation of Factset's business, aimed largely at asset managers
- Morningstar and S&P GMI each claim more than one quarter of their total data revenue comes from Research Analysts

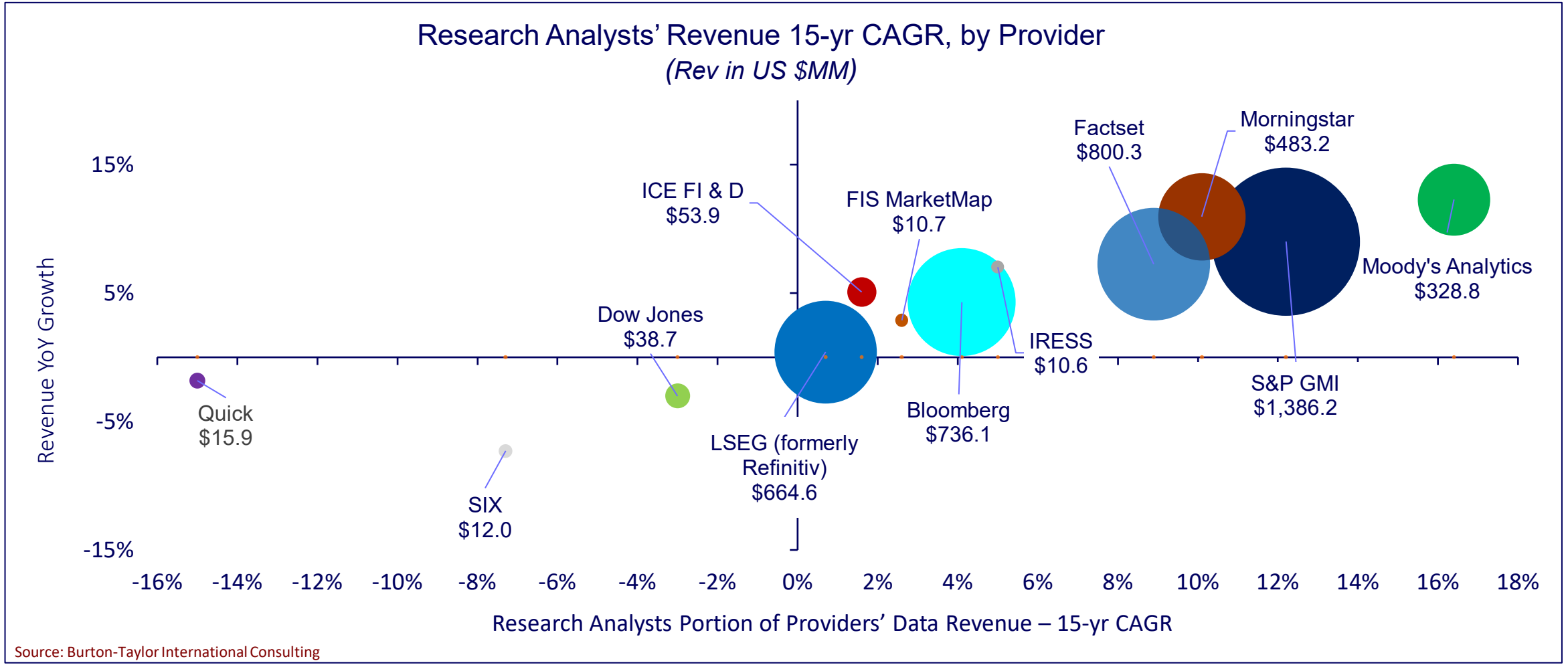
Portion of Each Provider's Total Data Revenue from Research Analysts – 2022



Source: Burton-Taylor International Consulting

Research Analysts - Providers' Revenue Growth Rates

- Moody's Analytics, S&P GMI and Morningstar each have had double-digit 15-year CAGRs
- Providers with the highest revenue from Research Analysts have the highest growth rates for both the one-year and 15-year periods.



Source: Burton-Taylor International Consulting



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Summary: Research Analysts

- After several years of growth that's been greater than the market data average, research analysts' spending will slow in the next 24 months
 - The recent run-up has reinforced their data sets to a point where there's less room to grow
 - The industry's growing reliance on AI and on passive investing will lessen the need for data for research
- In the next two years, Burton Taylor expects the big to get bigger in this space, as the "stickiness" of the leaders' products will embed them deeper into the segment
- Analysts will continue to deploy new automated tools designed to use data creatively to identify previously obfuscated correlations to predict market movements.
 - This fuels the demand for market data to feed the new algorithms.
 - While searching for "new" data types will always be part of the research analysts' goal, they've nearly exhausted the investigation of what's referred to as "alternative data," limiting the future growth of their data consumption.
- Research Analysts' reliance on new data will plateau in the long term as automation takes greater hold on their processes, using existing data sets to support their recommendations.



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Assumptions

- Burton-Taylor takes a “bottom-up” approach to market share and segment sizing data. All reports are the aggregate of individual revenue or spending estimates.
- Revenue, spend, segment, product, user, institution, and region distribution data is obtained from public records, company contacts, analyst contacts, and B-T proprietary research. **If new, more transparent information becomes available, Burton-Taylor will adjust prior year figures to reflect the most accurate market sizing. This can occasionally have an impact on the overall market share that was previously reported by B-T.**
- Where segment or regional distribution figures are not available from reports, contacts, or prior research, B-T draws upon years of industry experience to create our own estimates. On occasion, if new information becomes available, B-T will adjust prior year estimates and figures to reflect a more accurate market sizing.
- This report focuses only on companies with core competency in delivering financial market data/analysis. Companies also derive revenue from related financial market services such as transaction capabilities, order management systems, media products, etc. B-T has segregated this “non-core” revenue and totaled it in the “Other “ segment.”
- Market and segment figures in this report are not intended to include revenue generated from the sale of indices, credit rating services, or stock exchange data feeds. However, revenue figures from some vendors will include “recoveries” associated with exchanges. B-T generally excludes non-recurring “Services” revenue.

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